

**STATE WATER RESOURCES CONTROL BOARD
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE
APRIL 19, 2022**

ITEM 7

SUBJECT

CONSIDERATION OF A RESOLUTION TO APPROVE ONE HUNDRED PERCENT GRANT OR PRINCIPAL FORGIVENESS (SUBSIDY) FUNDING FOR THE COACHELLA VALLEY WATER DISTRICT'S SAINT ANTHONY MOBILE HOME PARK WATER CONSOLIDATION PROJECT (PROJECT), DRINKING WATER STATE REVOLVING FUND (DWSRF) PROJECT NO. 3310001-014C

DISCUSSION

Coachella Valley Water District (District) serves approximately 300,000 residents mostly within the Coachella Valley in Riverside County. The service area boundary also extends into small portions of Imperial and San Diego counties. Three nearby mobile home parks (MHPs), Manuela Garcia, Seferino Huerta, and Saint Anthony, have maximum contaminant level (MCL) exceedances for arsenic at their respective groundwater supply wells. The MHPs serve approximately 368 people with a median household income (MHI) of \$16,366. Additionally, the District currently serves the small severely disadvantaged communities of Mecca, North Shore, and Bombay Beach, with a total of approximately 3,160 residential connections, via a single 18-inch water main.

The primary purpose of the Project is to consolidate the Manuela Garcia, Seferino Huerta, and Saint Anthony MHPs into the District's public water system. Not only will the Project address the arsenic MCL violations at the MHPs, but it will also provide a more robust and reliable means for fire protection for the communities. As a result of the location of necessary facilities to achieve consolidation, as a secondary benefit, the Project will also provide a backup water source for reliability to the communities of Mecca, North Shore, and Bombay Beach by looping the water system. These communities currently lack supply redundancy for an emergency event, such as a main break, because they are supplied by only one pipeline. As a result, the community is currently under a connection moratorium.

The Project will additionally provide critical backbone infrastructure needed to potentially consolidate 20 additional small water systems on Pierce Street (Pierce Street Project). Additionally, sixteen (16) public water systems regulated by the United States Environmental Protection Agency are identified in the Torrez Martinez Reservation that could also potentially benefit from this backbone infrastructure, once the Pierce Street Project is built.

The Project has received the following funds through the Department of Water Resources: \$1,268,750 from Integrated Regional Water Management (IRWM), \$45,000

from Disadvantaged Community Involvement (DACI), and \$7 million as a project-specific appropriation in the Budget Act of 2021.

The 2021-22 DWSRF Intended Use Plan (IUP) allows small disadvantaged communities with Category A-C and/or consolidation projects to receive up to \$60,000 grant per connection. Because the Project will address primary MCL exceedances for arsenic, it is classified as a Category C project. The three MHPs have approximately 92 residential service connections total. The District has requested \$23,439,658 for the Project from the State Water Board, or \$254,779 per connection. Division of Financial Assistance (DFA) staff are seeking State Water Resources Control Board (State Water Board) approval because the Project exceeds the cost per household threshold established in the IUP.

Although the cost per household exceeds established limits when calculating based on the 92 connections that will primarily benefit from the Project, the aforementioned existing and potential regional benefits may also be considered in weighing the overall value of funding the Project. DFA staff are supportive of approving the requested funds for the Project.

POLICY ISSUE

Should the State Water Board adopt a resolution waiving the per connection threshold of \$60,000 in the 2021-22 DWSRF IUP for this Project, authorizing the Deputy Director of DFA to enter into an agreement with the District to provide a total of up to \$23,439,658 in subsidy funding, with up to a 20 percent increase to cover potential cost increases if approved by the Deputy Director of DFA for good cause?

FISCAL IMPACT

Subsidy funding is available to fund the Project. Allocating subsidy funding to this Project will reduce the amount of subsidy funding available for new projects, but will also potentially benefit multiple small and disadvantaged drinking water systems in the vicinity of the Project.

REGIONAL WATER BOARD / DISTRICT OFFICE IMPACT

The Project will consolidate three public water systems into the District's system. This project will include coordination with Division of Drinking Water staff to complete the consolidations.

RELATION TO OTHER POLICIES

State Water Board action on this item will assist the State Water Board in achieving the policy set forth in section 106.3 of the Water Code. Specifically, subdivision (a) of that section declares it is the established policy of the State that "every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes." State Water Board action on this item will also be in support of the State Water Board's public water system capacity development strategy

and the goal of providing DWSRF funding to support Public Water Systems' technical, managerial and financial capacity.

Additionally, State Water Board action on this item will assist the State Water Board in reaching Goals 4 and 5 of the Strategic Plan to comprehensively address water quality protection and restoration, and the relationship between water supply and water quality, and describe the connections between water quality, water quantity, and climate change, throughout California's water planning processes; and improve transparency and accountability by ensuring that State Water Board goals and actions are clear and accessible, by demonstrating and explaining results achieved with respect to the goals and resources available, by enhancing and improving accessibility of data and information, and by encouraging the creation of organizations or cooperative agreements that advance this goal, such as establishment of a statewide water data institute.

State Water Board action on this item will support State Water Board Resolution No. 2017-0012, adopted on March 7, 2017, to establish a comprehensive and robust response to climate change that will support California's ongoing climate leadership. The State Water Board found that "given the magnitude of climate change impacts on California's hydrology and water systems, our response to climate change must be comprehensive and integrated into all Water Boards' actions."

Finally, State Water Board action on this item will support the Governor's Executive Order B-40-17 of April 7, 2017, which includes provisions to maintain conservation as a way of life.

STAFF RECOMMENDATION

Staff recommends that the State Water Board adopt the proposed Resolution.